

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JANUARY 19, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. **Guests:** Al Picconi, United Beverages, Inc.; Henry Veilleux and Frank Reinhold, representing Flag Hill Winery.

EXCUSED: John Bunnell, Administrator of Marketing & Sales; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Craig explained that the delay in availability of the financial reports was due to a problem where Monday sales were inadvertently included in the weekend sales figures.

The SA1000 report for the week ending 1/16/05 shows retail sales were up 10.5%, on-premise sales were down almost -2.9%, off-premise sales were up about 2.7%, and total aggregate sales were up 7%. The traffic count and average sales figures had not yet been corrected to be accurate.

The W-1 Total Weekly Sales report for the same time period confirms total sales increased by 7% or \$385,606 compared with the same week last year, and were also up for the year by 5.9% or \$13,038,305. Wine sales were up for the week by 6.7% or \$177,033, and increased by 6.5% or \$6,578,799 for the year. Sales of spirits increased by 7.4% or \$208,573, as they did year-to-date by 5.4% or \$6,459,506.

There was nothing of significance to report regarding outstanding depletions/post-offs for the past week.

Commissioner Byrne asked if balances on gift cards could be used to buy sweepstakes tickets. Craig will look into this and report back to the Commission. Howard said this was not possible under the current program. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that further research be done to determine if the program can be changed to accommodate the use of gift cards for sweepstakes tickets. The motion was approved two to one, with Commissioner Maiola opposed. This effort will be coordinated with Store Operations.

B. Budget/Administrative Reports:

Commissioner Byrne reported that HB 63 was heard yesterday, and it was the consensus of the Committee that there was no need for a study committee. He expects that the bill will be expedient to legislate.

The W-6 Expense Budget Activity Variance Report as of January 18, 2005 shows the year to be at about 55% expired, with total agency expenditures at around 52%. A few classes, such as utilities and benefits, are being reviewed, and necessary transfers will be requested during the month of February. Expenses are down from last year by about \$170,000.

A group of contracts are getting ready for submittal to Governor and Council, including one for the HVAC system for headquarters.

2. IT Report

For the past week or so there has been a problem with the program which does scheduling on Mapper, which resulted in incorrect figures for sales reports. However, this issue was resolved yesterday.

The virus problem which occurred last week has not returned, due to the latest detection package. The IronMail SPAM program was initiated yesterday. Howard suggested that users should review those e-mails designated as SPAM to determine if that is what they really are, and the IT desk notified regarding those items which they want to keep.

The cash register will be implemented over at Enforcement this week.

Howard has received permission from the IT CIO to attend the bio-terrorism meeting in February.

3. Human Resources Report

Evie reported that there are still several overdue appraisals in stores, a few in headquarters, and perhaps some in Enforcement.

Worker's compensation claims are down about 62% compared to the first six months last year, and claim settlements have decreased over \$100,000. Store managers will begin to receive worker's compensation training on January 27th at the regional managers meeting.

4. Other:

Henry Veilleux, representing Murphy Public Affairs, and Frank Reinhold, owner of Flag Hill Winery requested that the Commission allow the conducting of vodka tastings. There is currently a senate bill regarding this being supported by several legislators. They presented proposed changes to Chapter 178 Liquor Licenses and Fees, Section 178:6. Commissioner Byrne expressed concern with Section IV. Mr. Veilleux will work with Enforcement regarding this.

II. MARKETING & SALES REPORTS

1. Store Operations: None given.
2. Purchasing Report: None given.
3. Merchandising Report:

A. SPIRITS:

- 1) President's Day Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve forty-four (44) spirit items to be featured during the President's Day Sale, scheduled for Thursday, February 10 through Monday, February 21, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Test Market Result (Code #8167):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #8167, Café Lolita, 1.75L size, as this product failed to achieve both the gross profit required for full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) March Special Offers:

- a. 1 item – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Perfecta Wine Company, based upon a special purchase allowance for one (1)

spirit item, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 6 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions for six (6) spirit items, to be featured on sale during March 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 11 items – M.S. Walker:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon special purchase allowances for eleven (11) spirit items, to be featured on sale during March 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 23 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon special purchase allowances for twenty-three (23) spirit items, to be featured on sale during March 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 118 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon special purchase allowances for one hundred eighteen (118) spirit items, to be featured on sale during March 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 23 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon special purchase allowances for twenty-three (23) spirit items, to be featured on sale during March 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- g. 45 unmatched items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions, without matching state funds, for forty-five (45) spirit items, to be featured on sale during March 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) One Time Buy Request (Starbucks Coffee, 50ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Future Brands LLC for the Commission to make a one time purchase of Starbucks Coffee Liqueur, 50ML size (assigned new Code #5213) and a special purchase of Code #5203, Starbucks Coffee Liqueur, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Holiday Pack Mark Down (4 items tabled from Item A-3, 1/13/05):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission remove from the table and approve mark downs on four additional holiday packages which did not sell during the 2004 holiday season, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) N.H. State Liquor Commission 2005 Wine Tastings:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the Berlin Main Street Program “Toast to the Valley” wine tasting, to be held at the Town & Country Inn on Thursday, October 27, 2005 from 5:30 to 7:30 p.m., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) United Buy One Get One Half Off:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc. to conduct a “Buy One Get One Half Off” Sterling wine promotion during March and April 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Primary Source Submissions (2 exclusive agent; 1 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of two (2) wine codes which are not from primary source, but are offered by the exclusive marketing agent and one (1) wine code which is not from primary source, but is imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN’S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated January 14 through January 19, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

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Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

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